

OFFICE OF AUDITS & ADVISORY SERVICES



COMMUNITY SERVICES GROUP OFFICERS' TRANSITION AUDIT

FINAL REPORT

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December 4, 2012

TO: David Estrella, Deputy Chief Administrative Officer
Community Services Group

FROM: Julie B. Nieminski
Chief of Audits

FINAL REPORT: COMMUNITY SERVICES GROUP OFFICERS' TRANSITION AUDIT

Enclosed is our report on the Community Services Group Officers' Transition Audit (Haas to Estrella). We have reviewed your responses to our recommendations and have attached them to the audit report. The actions taken, in general, are responsive to the recommendations in the report.

Thank you for the courteousness and cooperation extended to the Office of Audits & Advisory Services during the course of the audit.

If you have any questions, please contact me at (858) 495-5661.

JULIE B. NIEMINSKI
Chief of Audits

AUD:KMW:aps

Enclosure

c: Tracy M. Sandoval, General Manager/Auditor and Controller
Kaye Hobson, Group Finance Director, Community Services Group

INTRODUCTION

Audit Objective	The Office of Audits & Advisory Services (OAAS) has completed an officers' transition audit for the Community Services Group (CSG). The objective of the audit was to determine if there is reasonable assurance that the outgoing officer, Mikel Haas, and incoming officer, David Estrella, took appropriate actions and filed required reports as of July 11, 2012 in compliance with California Codes, County regulatory requirements, and County policies and procedures. These requirements were explained in the instruction letter provided to each officer.
Background	The County Charter requires that the OAAS conduct such an audit when County officers leave or assume office to determine if certain affidavits, authorizations, disclosures, and reports are properly completed and processed. These actions provide for an orderly transition of officers, establish proper accountability for public assets and promote the County's General Management System (GMS), including its key disciplines of accountability, transparency and ethical conduct; fiscal stability; and continuous improvement and innovation.
Audit Scope & Limitations	<p>The reports are the responsibility of the officer who signs them. The OAAS' responsibility is to provide an opinion on the reports based upon the audit.</p> <p>This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing prescribed by the Institute of Internal Auditors as required by California Government Code, Section 1236.</p>
Methodology	OAAS reviewed all the reports filed by the outgoing and incoming officers, obtained supporting documentation, and performed limited internal control testing.

AUDIT RESULTS

Summary	In our opinion, there is reasonable assurance that the outgoing and incoming officers took appropriate actions and filed required reports in compliance with California Codes, County regulatory requirements, and County policies and procedures in connection with an officer's transition. However, the following exception was noted:
Finding I:	<p>Inaccurate Minor Equipment Listing</p> <p>CSG reported a total of \$128,543 on the Minor Equipment and Books Inventory Certificate as of the transition date. OAAS tested a sample of 21 minor equipment items from the minor equipment listing to verify existence and found the following:</p>

- A software program with a total cost of \$40,345 was still listed on the minor equipment listing although it was no longer used by CSG and had been removed from the workstations prior to the transition date.
- A desk chair with a total cost of \$685 was not sighted. According to CSG, this desk chair was transferred to another department prior to the transition date.

The Auditor and Controller's Administrative Services Division (ASD) assists CSG with tracking assets and maintaining physical inventory records. CSG staff agreed that the minor equipment listing had not been updated due to a lack of communication between CSG and ASD. As a result, the minor equipment balance reported by CSG was overstated by \$41,030 (32% of total amount reported for minor equipment).

In accordance with the County of San Diego Administrative Manual (COSD Admin Manual) – Control of Capital Assets and Minor Equipment (Item Number 0050-02-01), "department heads should establish a control system over all minor equipment. Department heads are required to maintain listings of minor equipment items for which they are responsible, adding new items as they are received and deleting items that are disposed of or no longer in use."

Recommendation:

CSG should strengthen inventory control procedures to ensure minor equipment is recorded and reported in compliance with the COSD Admin Manual. At a minimum, CSG should:

1. Ensure that the minor equipment listing is updated to reflect the removal of the software program and the transfer of the desk chair.
2. Implement a process to improve communication between CSG and ASD to ensure that the minor equipment listing is timely and accurately updated with asset additions, dispositions, or removal of assets no longer in use.

Office of Audits & Advisory Services

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DEPARTMENT'S RESPONSE



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TO: Julie Nieminski
Chief of Audits

DEC 03 2012

FROM: David Estrella, Deputy Chief Administrative Officer
Community Services Group

OFFICE OF AUDITS &
ADVISORY SERVICES

DEPARTMENT RESPONSE TO AUDIT RECOMMENDATIONS: COMMUNITY SERVICES GROUP OFFICERS' TRANSITION AUDIT

Finding I: Inaccurate Minor Equipment Listing

OAAS Recommendation: CSG should strengthen inventory control procedures to ensure minor equipment is recorded and reported in compliance with the COSD Admin Manual. At a minimum, CSG should:

1. Ensure that the minor equipment listing is updated to reflect the removal of the software program and the transfer of the desk chair.
2. Implement a process to improve communication between CSG and ASD to ensure that the minor equipment listing is timely and accurately updated with asset additions, dispositions, or removal of assets no longer in use.

Action Plan:

1. The minor equipment listing has been updated to reflect the removal of the software program and the transfer of the desk chair.
2. CSG staff will work closely with ASD staff to ensure that the minor equipment listing is timely and accurately updated with asset addition, dispositions, or removal of assets no longer in use in accordance with the "Control of Capital Assets and Minor Equipment" agreement.

Planned Completion Date: August 31, 2012

Contact Information for Implementation: Vicki Chappell, Administrative Secretary IV.

If you have any questions, please contact me at 619-531-5274.

David Estrella
Deputy Chief Administrative Officer